Acquiring coke mines abroad

607. SHRIMATI N.P DURGA : Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that Indian steel industry is facing a serious problem due to steep hike in coke prices and non-availability of the raw materials;

(b) if so, whether Government plan to acquire coke mines abroad to overcome the short supply of raw materials;

(c) if so, the details thereof;

(d) whether discussions have been held with the Ministry of Coal in this regard; and

(e) if so, the outcome of the discussions?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) The Indian steel industry is facing shortages in the supply of metallurgical coal and coke as well as high prices of these raw materials due to overall increase in demand for steel.

(b) and (c) Government has no immediate plans to acquire coking coal mines abroad. However, steps are being taken by Steel Authority of India Ltd. (SAIL) to establish reliable sources of supply for metallurgical coal/coke in India and abroad and several proposals, thereof, are under consideration of SAIL.

(d) No, **Sir.**

(e) Does not arise.

Supply of raw materials to VSP

608. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that Visakhapatnam Steel Plant of RINL is going to hit massively on profitability due to rise in input costs and non-availability of raw materials;

(b) whether it is also a fact that the plant has been forced to tie-up for supply of coal and coke at triple the rates at which it was getting it earlier;

(c) if so, the reasons therefor; and

(d) the action being taken or proposed to be taken to supply the necessary raw materials to VSP?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) The rise in input costs and non-availability of raw materials will affect the profitability of Rashtriya Ispat Nigam Ltd. (RINL), Visakhapatnam Steel Plant (VSP). However, the company is taking necessary action to source the required raw materials from the global market to maintain its steel production levels.

(b) and (c) RINL (VSP) imports around 3 million tonnes of coking coal mainly from Australia, each year. In addition, it also purchases around 4 lakh tonnes of Metallurgical Coke to supplement the in-house production of around 18 lakh tonnes of coke every year to meet its Hot Metal Production levels. From February, 2004 onwards, the coking coal and coke position in the global market became volatile both with respect to prices and availability. This was because of restricted issue of coke export licenses by China and some of the coking coal suppliers declaring force majeure in some Australian mines. To safeguard the health of the steel plant and to maintain required production levels, RINL (VSP) took steps to source the minimum requirement of 2 2 lakh tonnes of coking coal and 1.8 lakh tonnes of coke from global market at the then ruling spot prices which were three to four times higher than the prices contracted through long term agreements.

(d) To meet the projected shortfall in coking coal and coke availability from long term agreements the Company has contracted supplies by resorting to spot purchases. At the behest of the Ministry, a high level delegation consisting of senior officers of RINL and SAIL visited Australia in February, 2004 to explore alternative sources of supply of coking coal and to persuade long term suppliers to make additional supplies. The Company has also tied up, on long term supply contracts for coke for the year 2004-05. In the case of coking coal supplies have been tied up, on long term basis, with two out of three foreign supplies

for 2004-05. In respect of other raw materials the Company is presently not faced with any problems with regard to availability.

12.00 Noon

PAPERS LAID ON THE TABLE

I. Notification of Ministry of Railway

II. **MoU (2004-2005) between the Government of India and CONCOR, IRCON, KRCL and RITES**

THE MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI R. VELU): Sir, I lay on the Table—

I. A copy (in English and Hindi) of the Ministry of Railways (Railway Board) Notification G.S.R. 312 (E) dated the 13th May, 2004, publishing the Railway Protection Force (Amendment) Rules, 2004, under sub-section (3) of section 21 of the Railway Protection Act, 1957. [Placed in Library. *See* No. L.T. 206/04]

II.A copy each(in English and Hindi) of the Indian Railways Annual Report and Accounts-2002-03 (with highlights of the performance for 2003-04) [Placed in Library. See No. L.T. 270-A/04]

III. A copy each (in English and Hindi) of the following papers:

(i) Memorandum of understanding between the Government of India (Ministry of Railways) and the Container Corporation of India Limited (CONCOR) for the year 2004-05. [Placed in Library. *See* No. L.T. 207/04]

(ii) Memorandum of Understanding between the Government of India (Ministry of Railways) and the IRCON International Limited for the year 2004-05. [Placed in Library. *See* No. L.T. 209/04]

(iii) Memorandum of Understanding between the Government of India (Ministry of Railways) and the Konkan Railway Corporation Limited (KRCL) for the year 2004-05. [Placed in Library. *See* No. L.T. 208/04]

(iv) Memorandum of Understanding between the Government of India (Ministry of Railways) and the RITES Limited for the year 2004-05. [Placed in Library. *See* No. L.T. 210/04]